

ONE HUNDRED ELEVENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

Majority (202) 225-2927
Minority (202) 225-3641

March 26, 2010

Mr. Randall Stephenson
Chairman, President, and CEO
AT&T
208 South Akard Street
Dallas, TX 75202

Dear Mr. Stephenson:

On March 23, 2010, President Obama signed health care reform into law. One of the top priorities of the House Energy and Commerce Committee will be to ensure that the law is implemented effectively and does not have unintended consequences.

After the President signed the health care reform bill into law, your company announced that provisions in the law could adversely affect your ability to provide health insurance. AT&T stated in its March 26, 2010, filing with the Securities and Exchange Commission that it intends to take a charge of approximately \$1 billion in the first quarter of 2010. As a result of the legislation, the company says it “will be evaluating prospective changes to the active and retiree health care benefits offered by the company.”¹

The new law is designed to expand coverage and bring down costs, so your assertions are a matter of concern. They also appear to conflict with independent analyses. The Congressional Budget Office has reported that companies that insure more than 50 employees would see a decrease of up to 3% in average premium costs per person by 2016.² The Business Roundtable, an association of chief executive officers from leading U.S. companies, asserted in November 2009 that health care reform could reduce predicted health insurance cost trends for businesses by more than \$3,000 per employee over the next ten years.³

¹ AT&T, Form 8-K (March 26, 2010).

² Letter from Douglas W. Elmendorf, Director, Congressional Budget Office, to Senator Evan Bayh (Nov. 20, 2009).

³ Business Roundtable, *Health Care Reform: Creating a Sustainable Health Care Marketplace* (November 2009).

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The Subcommittee on Oversight and Investigations will hold a hearing on April 21, 2010, at 10:00 a.m. in Room 2123 of the Rayburn House Office Building to examine the impact of the new law on AT&T and other large employers. We request your personal testimony at this hearing.

To assist the Committee with its preparation for the hearing, we request that you provide the following documents from January 1, 2009, through the present: (1) any analyses related to the projected impact of health care reform on AT&T; and (2) any documents, including e-mail messages, sent to or prepared or reviewed by senior company officials related to the projected impact of health care reform on AT&T. We also request an explanation of the accounting methods used by AT&T since 2003 to estimate the financial impact on your company of the 28% subsidy for retiree drug coverage and its deductibility or nondeductibility, including the accounting methods used in preparing the cost impact statement released by AT&T this week.

We ask that you provide the requested information by April 9, 2010. For purposes of this request, the term "senior company officials" includes all company officials at the level of Vice President and above for the company or any subsidiary. Attachments to this letter provide additional information about responding to Committee document requests and testifying before the Committee.

If you have any questions regarding this request, please contact Meredith Fuchs with the Committee staff at (202) 226-2424.

Sincerely,



Henry A. Waxman
Chairman



Bart Stupak
Chairman
Subcommittee on Oversight
and Investigations

Attachment

cc: The Honorable Joe Barton
Ranking Member

The Honorable Michael C. Burgess
Ranking Member
Subcommittee on Oversight
and Investigations